

BASS, BERRY & SIMS PLC

A PROFESSIONAL LIMITED LIABILITY COMPANY
ATTORNEYS AT LAW

R. DALE GRIMES
TEL: (615) 742-6244
FAX: (615) 742-2744
dgrimes@bassberry.com

AMSOUTH CENTER
315 DEADERICK STREET, SUITE 2700
NASHVILLE, TN 37238-3001
(615) 742-6200

www.bassberry.com

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EXECUTIVE SECRETARY

September 24, 2001

VIA HAND DELIVERY

Mr. K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

***Re: Petition of United Telephone Company to Change and Increase Certain Intrastate Rates and Charges So As to Permit It To Earn a Fair and Adequate Rate of Return on Its Property Used and Useful in Furnishing Telephone Service to Its Customers in Tennessee and To Adopt New and Realistic Depreciation Rates for Central Office Equipment.
Docket No. 01-00451***

Dear Mr. Waddell:

Pursuant to, and in compliance with the Pre-Hearing Officer's Order granting Agreed Motion and Amending Procedural Schedule dated September 7, 2001, on behalf of United Telephone Company, we are filing herewith the original and 4 hard copies, as well as 2 electronic copies, of the Response to TRA Staff's Data Request dated September 17, 2001.

We also file herewith one (1) hard copy and one (1) electronic copy of the Responses to the Consumer Advocate and Protection Division's Data Request dated September 17, 2001.

PA 12/4/01

Mr. K. David Waddell
September 24, 2001
Page 2

Should you have any questions with respect to this filing, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Dale Grimes". The signature is stylized with a large, prominent "R" and a cursive "Dale".

R. Dale Grimes

RDG/gci
Enclosures

cc: J. Richard Collier, Esq. (w/out enclosures)
Vance L. Broemel, Esq. (w/out enclosures)
Mr. R. Terry Buckner, Esq. (w/out enclosures)
Joe Shirley, Esq. (w/out enclosures)
Gary Hotvedt, Esq. (w/ enclosures)
Mr. Herb Bivens (w/out enclosures)
Mr. Joe M. Enoch (w/out enclosures)
T.G. Pappas, Esq. (w/out enclosures)

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Lynn Greer, Director
Melvin Malone, Director



REGULATORY AUTHORITY

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

01 SEP 17 AM 11 22

OFFICE OF THE
EXECUTIVE SECRETARY

September 17, 2001

Mr. T.G. Pappas, Esq.
Bass, Berry & Sims PLC
315 Deadrick Street #2700
Nashville, TN 37238

In re: TRA Docket No. 01-00451 ~ Petition of United Telephone Company to Change and Increase Certain Intrastate Rates and Charges So As to Permit It to Earn a Fair and Adequate Rate of Return on Its Property Used and Useful in Furnishing Telephone Service to Its Customers in Tennessee and to Adopt New and Realistic Depreciation Rates for Central Office Equipment

Dear Mr. Pappas:

To assist the TRA Staff in our investigation of United Telephone Company's Supplemental Petition, please respond fully to the attached request for information.

We request that you serve the TRA Staff (Joe Shirley and myself) with two copies of your responses by September 24, 2001. You should separately file the appropriate number of copies of your responses with the TRA's Office of the Executive Secretary. If you have any questions concerning the attached request for information, contact Joe Shirley at 615-741-2904, extension 152.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Hotvedt", written over a horizontal line.

Gary Hotvedt
Counsel

Attachment

cc: Herbert Bivens
David Waddell

1. In response to Item No. 12 of the TRA Staff's information request dated August 13, 2001, United Telephone provided a letter dated August 17, 2001, from John N. Rose, OPASTCO President, to Herbert Bivens, General Manager. Please respond to the following inquiries concerning this letter's discussion of the proposed MAG plan.
 - a. Does United Telephone agree fully with all of the statements made by Mr. Rose in his August 17, 2001, letter describing the MAG plan and its potential impact upon United Telephone Company?
 - b. If the response to Item No. 1.a., above, is in the negative, identify each statement made by Mr. Rose that United Telephone does not agree with in every respect and provide an explanation as to why United Telephone does not agree.
 - c. Does United Telephone agree fully with Mr. Rose's statement that "[s]ince the Plan will not be implemented until 2002, there is no effect upon United Telephone's total interstate [access] revenues for 2001"? See Response to Item No. 12 of the TRA Staff's information request dated August 13, 2001, Page 3.
 - d. If the response to Item No. 1.c., above, is in the negative, provide an explanation as to why United Telephone does not agree.
 - e. Does United Telephone agree fully with Mr. Rose's statement that "[s]ince the MAG plan was designed to be revenue neutral, there should be no effect for United Telephone interstate revenues for the year 2002"? See Response to Item No. 12 of the TRA Staff's information request dated August 13, 2001, Page 3.
 - f. If the response to Item No. 1.e., above, is in the negative, provide an explanation as to why United Telephone does not agree.
2. Provide a schedule showing the amount of projected Construction Work In Progress ("CWIP") for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).
3. Provide a schedule showing the amount of projected Plant Additions by USOA Account Number for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).
4. Provide a schedule showing the amount of projected Plant Retirements by USOA Account Number for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).
5. Provide a schedule showing the amount of projected Depreciation Expense by USOA Account Number using current TRA-approved Depreciation Rates for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).

6. Provide a schedule showing the amount of projected Depreciation Expense by USOA Account Number using Company-requested Depreciation Rates for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).
7. Provide a schedule showing the amount of projected Accumulated Depreciation by USOA Account Number using current TRA-approved Depreciation Rates for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).
8. Provide a schedule showing the amount of projected Accumulated Depreciation by USOA Account Number using Company-requested Depreciation Rates for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).
9. Provide a schedule showing the computation and projected amount of Accumulated Deferred Federal Income Taxes for the years ending 2001 and 2002 using TRA-approved Depreciation Rates.
10. Provide a schedule showing the computation and projected amount of Accumulated Deferred Federal Income Taxes for the years ending 2001 and 2002 using Company-requested Depreciation Rates.
11. Provide the workpapers, including the dollar amounts by Line Number, used to develop the cost of capital as reported on "Exhibit 3 - Revised" to the Supplemental Testimony of Joe M. Enoch filed on September 12, 2001.
12. Provide an update as to the status of United Telephone's pending RUS Loan Application, including but not confined to, a summary of any communications from the Rural Utilities Service regarding the loan and any changes in the loan amount, cost of debt, or time frames for receiving anticipated loan proceeds.
13. In response to Item No. 18 of the TRA Staff's information request dated August 13, 2001, United Telephone provided a schedule of construction cost estimates. Does this schedule represent United Telephone's current best estimate of the amount of RUS loan proceeds required and United Telephone's intended uses of the loan proceeds?
14. If the response to Item No 13, above, is in the negative, provide a revised schedule of construction cost estimates updating any changes in the amount of the total loan required or intended uses of the loan proceeds.
15. Provide a complete copy of United Telephone's responses to the Consumer Advocate and Protection Division's information request dated September 17, 2001.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served, via the method(s) indicated, this the 17th day of September, 2001, on the following:

☐ Hand Delivery
☒ Facsimile
☐ U.S. Mail

Vance L. Broemel, Esq.
Office of the Attorney General
Consumer Advocate and Protection Division
425 5th Avenue North, 3rd Floor
Nashville, TN 37243

☒ Hand Delivery
☐ Facsimile
☐ U.S. Mail

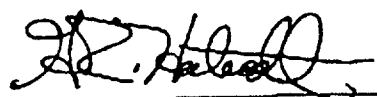
J. Richard Collier, Esq.
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

☐ Hand Delivery
☒ Facsimile
☐ U.S. Mail

James P. Lamoureux, Esq.
AT&T
1200 Peachtree Street N.E. # 8100
Atlanta, GA 30309

☐ Hand Delivery
☒ Facsimile
☐ U.S. Mail

T.G. Pappas, Esq.
Dale Grimes, Esq.
Bass, Berry & Sims PLC
315 Deadrick Street #2700
Nashville, TN 37238



Gary Hotvedt

**State of Tennessee
Tennessee Regulatory Authority
Telecommunications Division
Response to Information Request Dated September 17, 2001**

TRA Docket No. 01-00451

1. In response to Item No. 12 of the TRA Staff's information request dated August 13, 2001, United Telephone provided a letter dated August 17, 2001, from John N. Rose, OPASTCO President, to Herbert Bivens, General Manager. Please respond to the following inquiries concerning this letter's discussion of the proposed MAG plan.
 - a. Does United Telephone agree fully with all of the statements made by Mr. Rose in his August 17, 2001, letter describing the MAG plan and its potential impact upon United Telephone Company?

Yes, I agree.
 - b. If the response to Item No. 1.a., above, is in the negative, identify each statement made by Mr. Rose that United Telephone does not agree with in every respect and provide an explanation as to why United Telephone does not agree.

Not applicable.
 - c. Does United Telephone agree fully with Mr. Rose's statement that "[s]ince the Plan will not be implemented until 2002, there is no effect upon United Telephone's total interstate [access] revenues for 2001"? See Response to Item No. 12 of the TRA Staff's information request dated August 13, 2001, Page 3.

Yes, since there has been no indication of a retroactive settlement.
 - d. If the response to Item No. 1.c., above, is in the negative, provide an explanation as to why United Telephone does not agree.

Not applicable.

- e. Does United Telephone agree fully with Mr. Rose's statement that "[s]ince the MAG plan was designed to be revenue neutral, there should be no effect for United Telephone interstate revenues for the year 2002"? See Response to Item No. 12 of the TRA Staff's information request dated August 13, 2001, Page 3.

Yes. As stated in Mr. Rose's letter, toll stimulation of access minutes will only occur if AT&T and other IXC's lower their interstate toll rates to customers of United Telephone Company.

- f. If the response to Item No. 1.e., above, is in the negative, provide an explanation as to why United Telephone does not agree.

Not applicable.

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2. Provide a schedule showing the amount of projected Construction Work In Progress ("CWIP") for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).

Schedule of Construction in Progress		ITEM NO. 2	
United Telephone Company, Inc.		PAGE 2 OF 2	
For the 24 Months Ended December 31, 2002			
Balance, December 31, 2000			\$ 5,964,685
	<u>Payments</u>	<u>Distributed</u>	
<u>2001 Activity Forecast</u>			
Reverse 12-31-00 payables	\$ (2,063,917)		
January	2,326,667		6,227,435
February	38,755		6,266,190
March	484,516		6,750,706
April	159,284		6,909,990
May	17,138		6,927,128
June	265,962	3,225,807	3,967,283
July	215,892		4,183,175
August	40,000		4,223,175
September	451,658		4,674,833
October	544,712		5,219,545
November	392,267		5,611,812
December	375,460	2,383,005	3,604,267
<u>2002 Activity Forecast</u>			
January	100,000		3,704,267
February	75,000		3,779,267
March	100,000		3,879,267
April	98,263		3,977,530
May	1,257,000		5,234,530
June	1,382,400	1,988,611	4,628,319
July	1,150,000		5,778,319
August	835,000		6,613,319
September	711,000	4,036,000	3,288,319
October	725,000		4,013,319
November	650,000		4,663,319
December	880,246	1,529,810	4,013,755

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Tennessee Regulatory Authority
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Response to Information Request Dated September 17, 2001**

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3. Provide a schedule showing the amount of projected Plan Additions by USOA Account Number for each month ending during 2001 and 2002 (i.e., for each month during the period of time January 2001 through 2002).

SEE ENCLOSED COMPACT DISC ENTITLED P2-3.XLS

**State of Tennessee
Tennessee Regulatory Authority
Telecommunications Division
Response to Information Request Dated September 17, 2001**

TRA Docket No. 01-00451

4. Provide a schedule showing the amount of projected Plant Retirements by USOA Account Number for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).

SEE ENCLOSED COMPACT DISC ENTITLED P2-4.XLS

**State of Tennessee
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Response to Information Request Dated September 17, 2001**

TRA Docket No. 01-00451

5. Provide a schedule showing the amount of projected Depreciation Expense by USOA Account Number using current TRA-approved Depreciation Rates for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).

SEE ENCLOSED COMPACT DISC ENTITLED P2-5.XLS

**State of Tennessee
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Response to Information Request Dated September 17, 2001**

TRA Docket No. 01-00451

6. Provide a schedule showing the amount of projected Depreciation Expense by USOA Account Number using Company-requested Depreciation Rates for each month ending during 2001 and 2002 (i.e., for each month ending through the period of time from January 2001 through December 2002).

SEE ENCLOSED COMPACT DISC ENTITLED P2-6.XLS

**State of Tennessee
Tennessee Regulatory Authority
Telecommunications Division
Response to Information Request Dated September 17, 2001**

TRA Docket No. 01-00451

7. Provide a schedule showing the amount of projected Accumulated Depreciation by USOA Account Number using current TRA-approved Depreciation Rates for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).

SEE ENCLOSED COMPACT DISC ENTITLED P2-7.XLS

**State of Tennessee
Tennessee Regulatory Authority
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Response to Information Request Dated September 17, 2001**

TRA Docket No. 01-00451

8. Provide a schedule showing the amount of projected Accumulated Depreciation by USOA Account Number using Company-requested Depreciation Rates for each month ending during 2001 and 2002 (i.e., for each month ending during the period of time from January 2001 through December 2002).

SEE ENCLOSED COMPACT DISC ENTITLED P2-8.XLS

**State of Tennessee
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Response to Information Request Dated September 17, 2001**

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9. Provide a schedule showing the computation and projected amount of Accumulated Deferred Federal Income Taxes for the years ending 2001 and 2002 using TRA-approved Depreciation Rates.

SEE ENCLOSED COMPACT DISC ENTITLED P2-9.XLS

**State of Tennessee
Tennessee Regulatory Authority
Telecommunications Division
Response to Information Request Dated September 17, 2001**

TRA Docket No. 01-00451

10. Provide a schedule showing the computation and projected amount of Accumulated Deferred Federal Income Taxes for the years ending 2001 and 2002 using Company-requested Depreciation Rates.

SEE ENCLOSED COMPACT DISC ENTITLED P2-10.XLS

**State of Tennessee
Tennessee Regulatory Authority
Telecommunications Division
Response to Information Request Dated September 17, 2001**

TRA Docket No. 01-00451

11. Provide the workpapers, including the dollar amounts by Line Number, used to develop the cost of capital as reported on "Exhibit 3 – Revised" to the Supplemental Testimony of Joe M. Enoch filed on September 12, 2001.

SEE ENCLOSED COMPACT DISC ENTITLED P2-11.XLS

**State of Tennessee
Tennessee Regulatory Authority
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Response to Information Request Dated September 17, 2001**

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12. Provide an update as to the status of United Telephone's pending RUS Loan Application, including but not confined to, a summary of any communications from the Rural Utilities Service regarding the loan and any changes in the loan amount, cost of debt, or time frames for receiving anticipated loan proceeds.

In our recent conversations with RUS, they suggested that we not modify our loan amount, as changes would be detrimental to customers of United Telephone. They are still of the opinion that United needs a rate increase to make the loan feasible.

RUS is extending as much courtesy as is allowable with their time limits to allow United Telephone to obtain a rate increase. As you know, the expiration of the time limit on loan applications will result in additional loan costs, which result in a higher cost of service to the customer.

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13. In response to Item No. 18 of the TRA Staff's information request dated August 13, 2001, United Telephone provided a schedule of construction cost estimates. Does this schedule represent United Telephone's current best estimate of the amount of RUS loan proceeds required and United Telephone's intended uses of the loan proceeds?

Yes.

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14. If the response to Item No 13, above, is in the negative, provide a revised schedule of construction cost estimates updating any changes in the amount of the total loan required or intended uses of the loan proceeds.

Not applicable.

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Response to Information Request Dated September 17, 2001**

TRA Docket No. 01-00451

15. Provide a complete copy of United Telephone's responses to the Consumer Advocate and Protection Division's information request dated September 17, 2001.

A complete copy of United Telephone's responses to the Consumer Advocate and Protection Division's information requested dated September 17 2001 accompanies this filing.